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BEFORE THE ARIZONA CORPORATION COMMISSION

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IN THE MATTER OF THE COMPETITION IN) DOCKET NO. RE-00000C-94-0165
THE PROVISION OF ELECTRIC SERVICES)
THROUGHOUT THE STATE OF ARIZONA) COMMENTS ON STAFF'S FIRST DRAFT OF
) PROPOSED REVISIONS TO THE RETAIL
) ELECTRIC COMPETITION RULES
)

The Arizona Transmission Dependent Utility Group¹, offers the following comments pursuant to the memorandum of June 25, 1998 circulating draft changes to the Retail Electric Competition Rules:

1. We are unsure what the status of this process is at this point. Strictly speaking, circulating draft revisions to rules falls outside the regulatory process. However, the June 25, 1998 memorandum suggests the requirement to serve comments as if this were part of the rulemaking. If it is to be considered part of the rulemaking, then all of these comments must become part of the record.

2. There are a number of drafting errors, misspelled words and other minor faults that a formal comment process makes difficult to address. We will presume unless we see otherwise in the second draft that the staff will review this draft and clean up definitions and the use of definitions or the

¹ Aguila Irrigation District, Ak-Chin Indian Community, Buckeye Water Conservation and Drainage District, Central Arizona Water Conservation District, Electrical District No. 3, Electrical District No. 4, Electrical District No. 5, Electrical District No. 7, Electrical District No. 8, Harquahala Valley Power District, Maricopa County Municipal Water District No. 1, McMullen Valley Water Conservation and Drainage District, Roosevelt Irrigation District, City of Safford, Tonopah Irrigation District, Wellton-Mohawk Irrigation and Drainage District.

1 lack of use of definitions. Alternatively, some more informal process should
2 be utilized for the non-substantive changes that this draft requires.

3 3. The following comments are offered seriatim:

4 Page 3, number 30, delete "Primary" - to conform to NERC terminology.

5 Page 3, number 32, delete "generation market" and insert "transmission
6 system".

7 Page 6, paragraph B, line 9, insert: "This limit does not apply to
8 customers treated under subsections A or C of this section." - Without this
9 caveat, residential consumers will be effectively squeezed out of competition
10 for the first two years by the "stampede to the courthouse".

11 Page 7, subparagraph D, before the period insert "by September 15,
12 1998" - no date is specified and this conveniently matches the residential
13 phase-in filing date.

14 Page 9, subparagraph A, line 6, substitute "Bundled Service" for the
15 list of services. The term is defined in the statute and otherwise used in
16 these rules.

17 Page 10, reletter subsection C. as D. and delete item 8 thereunder.
18 There are no ancillary services not otherwise covered by FERC regulations
19 related to safety and reliability. The need for additionally defined
20 services is already covered by FERC rules and processes.

21 Page 10, subparagraph F, in line 1 before "power", insert "any long-
22 term (in excess of one year)" - the rule needs this clarification and also
23 needs not to inhibit a UDC from accessing short-term markets.

24 Page 11, subsection J, delete the first line and the first two words of
25 the second line and insert "The Unbundled Service and Standard Offer Working
Group and its Metering Committee shall continue to"

Page 11, subsection J, delete the first sentence of paragraph 3.

1 Page 11, subparagraph A, add the following sentence: "The Affected
2 Utilities have a high burden of proof on this subject." That is what the
3 Commission's Order says and it should be repeated here.

4 Page 12, subsection C, does the term "fully supported" indicate a
5 higher requirement than "adequate supporting documentation" in R14-2-1608.B?
6 Is there a reason for different documentation standards?

7 Page 12, subsection D, add the following: "The filing shall include a
8 discounted stranded costs exit methodology that a customer may choose to
9 determine an amount in lieu of making monthly payments." - The Commission
10 Order specified exit fee proposals which logically should come with the
11 stranded costs recovery methodology filing.

12 Page 14, delete subparagraph D.

13 Page 16, subparagraph E, at the end of the first sentence before the
14 period, insert: ", which penalty shall not be paid by ratepayers" - there is
15 no point in penalizing a utility if it will merely pass the penalty through
16 to ratepayers.

17 Page 17, subparagraph A, change the last sentence to read:
18 "Reservation of rights to use the transmission transfer capability by
19 Affected Utility native load shall be allocated and assigned on a pro rata
20 basis." - All existing contracts and service constitute native load and must
21 be given comparable treatment.

22 Page 18, subsection C, delete the second sentence and the four numbered
23 paragraphs. Any ISA put together by the Desert STAR people will need to
24 follow FERC criteria. Mandating Arizona criteria for Affected Utilities in a
25 rulemaking is unwise, given the many issues involved.

Page 18, subsection E, line 2, change "as" to "if".

Page 18, subsection F, line 2, change "and" to "or". There is no
guaranty that an ISO will ever be worked out.

1 Page 19, continuing in subsection F, in the third line, strike "set"
2 and insert "proposed by the Affected Utilities" - FERC determines the
3 standards for its rate regulation. The Commission can assist by mandating
4 non-discriminatory filing.

5 Page 24, subsection M, under 2. Delivery Costs, insert "c. ancillary
6 services".

7 Page 26, subparagraph A, move the word "new" from line 4 to line 2 in
8 front of "services".

9 Page 38, subsection B, 1., in the first line delete "billing" and
10 insert "metering", in the second line after "unless" insert "aggregated or",
11 delete the third line. - Without these changes, aggregation cannot take
12 place.

13 RESPECTFULLY SUBMITTED this 6th day of July, 1998.

14 ARIZONA TRANSMISSION DEPENDENT
15 UTILITY GROUP

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21 Original and 10 copies of the
22 foregoing filed this 6th day
23 of July, 1998 with:

24 Docket Control
25 Arizona Corporation Commission
1200 West Washington Street
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Copies of the foregoing mailed
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to:

Service List for Docket No. RE-00000C-94-0165

